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Message Text

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PAGE 01 TEHRAN 12096 070849Z
17
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 /018 W
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P 070750Z DEC 76
FM AMEMBASSY TEHRAN
TO USDOC WASHDC PRIORITY
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E.O. 11652: N/A
TAGS: BEXP IR
SUBJ: CHAH BAHAR POWER/WATER PLANT-ENVIROGENICS SYSTEMS
PROPOSAL

REF USDOC 20696

1. ECONOMIC/COMMERCIAL COUNSELOR SPOKE WITH MINISTER OF POWER IRAJ VAHIDI DECEMBER 6 CONCERNING STATUS OF CONTRACT AWARD FOR WATER (DESALINATION) AND POWER PLANT IN CHAH BAHAR. SUMMARY OF HIS COMMENTS FOLLOWS.

2. PROPOSALS SUBMITTED BY ENVIROGENCIS AND ITALIAN FIRM S.I.R., AS SUBSEQUENTLY REVISED IN LIGHT OF CHANGED SPECIFICATIONS, ARE NOW BEING REVIEWED BY MINISTRY'S CONSULTING ENGINEER (PARS-CONSULT OF TEHRAN). CONSULTING ENGINEER CHARGED PRIMARILY WITH REVIEWING BOTH BIDS IN LIGHT OF: (1) UNIT PRICES VIS-A-VIS SPECIFICATIONS OF BID; (2) TECHNICAL CONSIDERATIONS; AND (3) COST OF WATER PER CUBIC METER. FINALLY, EACH FIRM'S MINIMUM QUOTED PRICES WILL BE EVALUATED BY CONSULTING ENGINEER AGAINST "INTERNATIONAL PRICES," AS THESE UNDERSTOOD BY CONSULTING ENGINEER. MINISTER SAID THAT MINISTRY WOULD THEN EXAMINE WRITTEN REPORT OF CONSULTING ENGINEER TO QECERTAIN WHAT DEVIATIONS THERE ARE FROM SPECIFICATIONS AND THEN INVITE ONE OR BOTH FIRMS FOR FURTHER DISCUSSIONS WITHIN MINISTRY.

3. MINISTER SAID HE IS VERY ANXIOUS TO MOVE AHEAD WITH THE PROJECT AND HOPES THAT PARSCONSULT CAN COMPLETE ITS
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WORK WITHIN TWO WEEKS. HE NOTED THAT A NUMBER OF OTHER

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FIRMS HAD WRITTEN THE MINISTRY EXPRESSING INTEREST IN BEING CONSIDERED FOR THIS PROJECT, BUT MINISTRY HAS REJECTED ALL SUCH INQUIRIES--PREFERRING TO WORK WITH TWO FIRMS IT KNOWS BEST (U.S. ENVIROGENICS AND ITALIAN S.I.R.). MINISTER GAVE NO CLUE AS TO HIS OWN PREFERENCE BETWEEN THE TWO FIRMS, IF ANY (NOR COULD HE HAVE BEEN EXPECTED TO), BUT THERE CAN BE NO DOUBT IN HIS MIND ABOUT USG ACTIVE INTEREST IN ENVIROGENCIS' BID. MINISTER APPEARED GRATEFUL FOR EMBOFF OFFER TO ADVISE ENVIROGENCIS OF ANY ADDITIONAL INFORMATION WHICH MINISTRY NEEDS.

4. IN SUBSEQUENT CONVERSATION WITH MR. RAMNIEH OF PARSCONSULT, RANKING EXECUTIVE IN FIRM, LATTER TOLD EMBOFF THAT HIS FIRM HAS COMPLETED ALL OF ITS EVALUATIONS AND FORWARDED THESE TO MINISTRY. HE CONCEDED LIKELIHOOD THAT REPORT STILL BEING STUDIED AT TECHNICAL LEVEL IN MINISTRY AND FINDINGS HAD NOT YET REACHED MINISTER. WHILE MR. RAMNIEH HIMSELF HAD NOT PERSONALLY PARTICIPATED IN THE SEVERAL DISCUSSIONS WITH ENVIROGENICS REPRESENTATIVES, HE DID SAY THAT U.S. FIRM WAS VERY MUCH IN THE COMPETITION. IN RESPONSE TO EMBOFF'S QUERY, RAMNIEH GAVE IT AS HIS OPINION THAT TECHNOLOGY IN ENVIROGENICS' BID WAS NOT RPT NOT HIGHER THAN THAT OF ITALIAN FIRM AND THAT ENVIROGENICS HAD BEEN INFORMED OF THIS. HE THOUGHT THAT A FEW DOCUMENTS OF A TECHNICAL NATURE WERE STILL MISSING FROM THE ENVIROGENCIS BID, WHICH WOULD CERTAINLY HAVE TO BE COMPLETED BEFORE ANY CONTRACT IS SIGNED. HE REITERATED THAT WORK OF PARSCONSULT ON THE BID IS NOW FINISHED AND DECISION IS UP TO THE MINISTRY.

5. COMMENT: ALTHOUGH OVER A YEAR HAS ELAPSED SINCE BIDS ON THIS CONTRACT WERE FIRST OPENED (ENVIROGENCIS WAS LOWEST), EMBASSY FORESEES ADDITIONAL PERIOD OF TIME BEFORE MINISTRY WILL BE IN A POSITION TO DECIDE. CASH FLOW SITUATION WITHIN GOI IS DIFFICULT AND MINISTRY CAN BE EXPECTED TO TRY TO SQUEEZE OUT MAXIMUM AMOUNT OF TECHNOLOGY FOR THE LEAST AMOUNT OF MONEY. EMBASSY FEELS CONFIDENT IN SAYING THAT ENVIROGENICS IS VERY MUCH IN THE RUNNING, BUT U.S. FIRM PROBABLY SHOULD EXPECT FURTHER LIMITED OFFICIAL USE

PRICE HAGGLING WITH MINISTRY, ASSUMING THAT EVALUATION OF ITS BID BY PARSCONSULT FAVORABLY RECEIVED BY MINISTRY.

6. ACTION REQUESTED: USDOC PLEASE PASS FOREGOING TO LARRY MAYFIELD, VP, ENVIROGENICS SYSTEMS. USDOC MAY WISH TO SUGGEST TO MR. MAYFIELD THAT ENVIROGENICS REPRESENTATIVES TOUCH BASE WITH EMBASSY ON THEIR TRIPS TO TEHRAN; WE HAVE HAD NO DIRECT CONTACT WITH ENVIRO-

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GENICS PERSONNEL SINCE MARCH OF THIS YEAR.
HELMS

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